

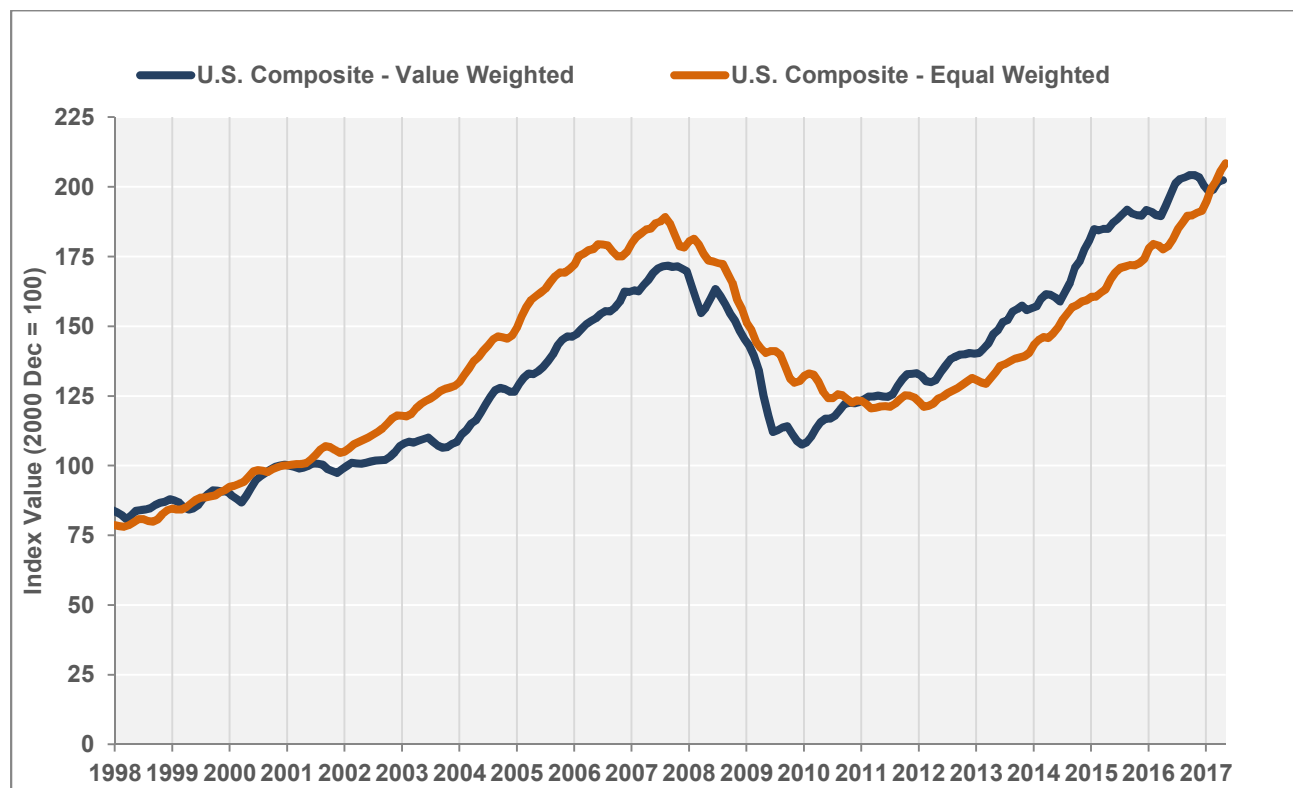
CCRSI RELEASE – JUNE 2017  
(With data through MAY 2017)

## COSTAR COMPOSITE PRICE INDICES POST MODEST GROWTH IN MAY

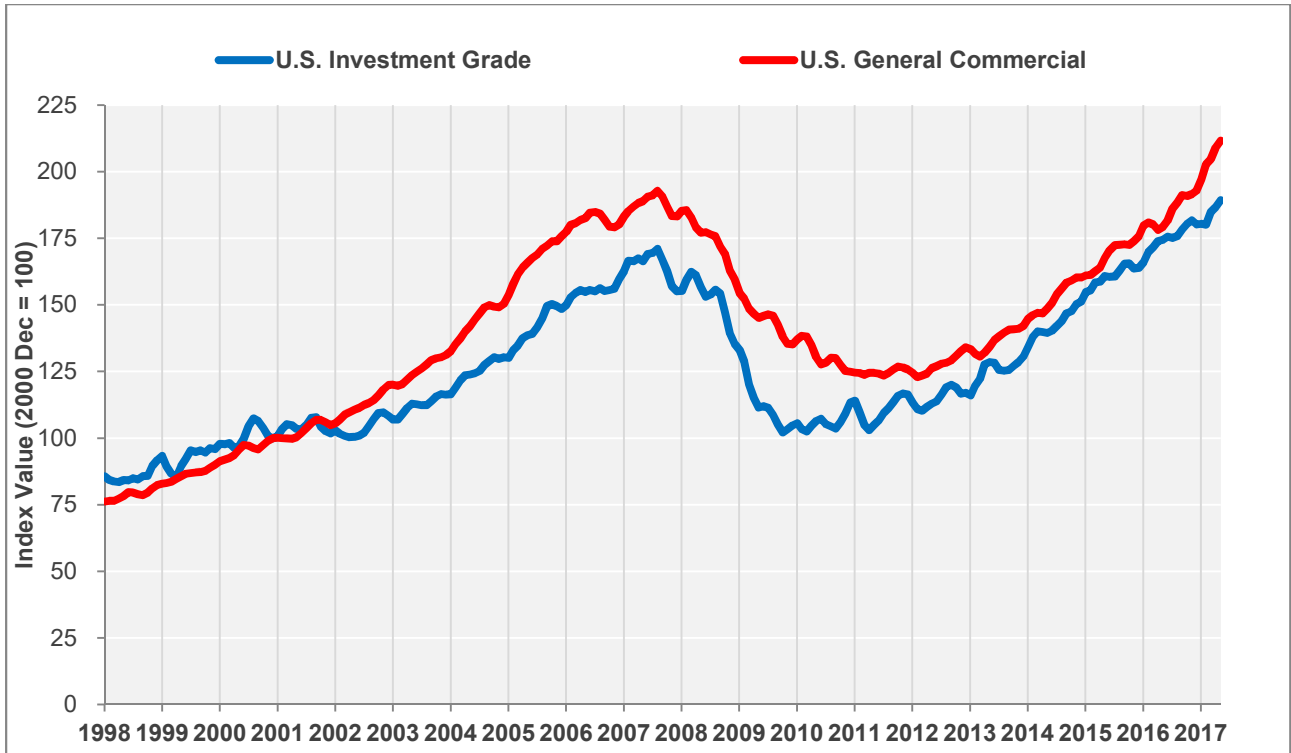
MODERATING SPACE ABSORPTION AND TRANSACTION VOLUME SEEN IN MATURING MARKET CYCLE FOR COMMERCIAL REAL ESTATE

This month's CoStar Commercial Repeat Sale Indices (CCRSI) provides the market's first look at commercial real estate pricing trends through May 2017. Based on 910 repeat sale pairs in May 2017 and more than 178,000 repeat sales since 1996, the CCRSI offers the broadest measure of commercial real estate repeat sales activity.

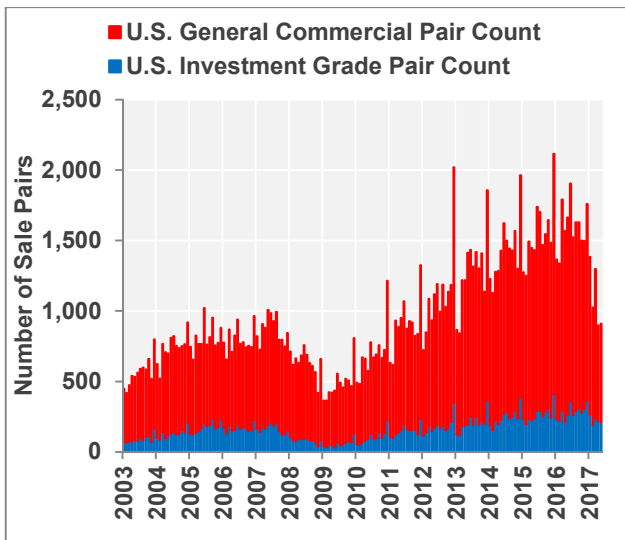
### U.S. Composite Indices: Equal- And Value-Weighted, Data Through May 2017



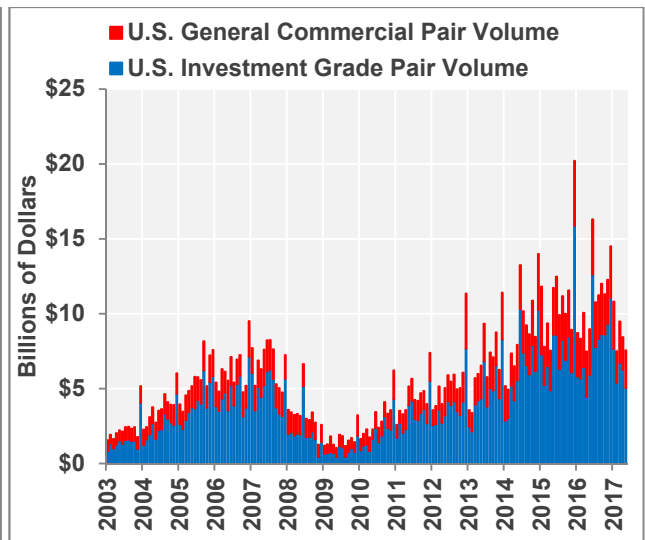
### U.S. Equal-Weighted Indices By Market Segment, Data Through May 2017



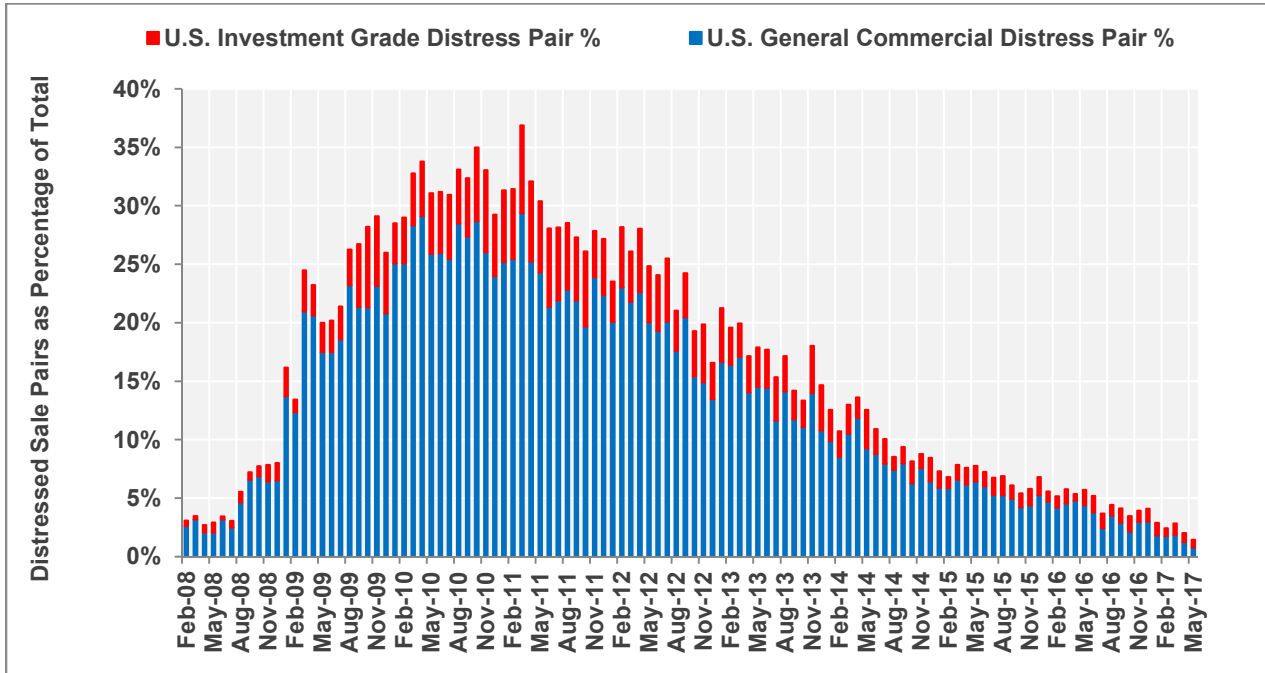
### U.S. Pair Count, Data Through May 2017



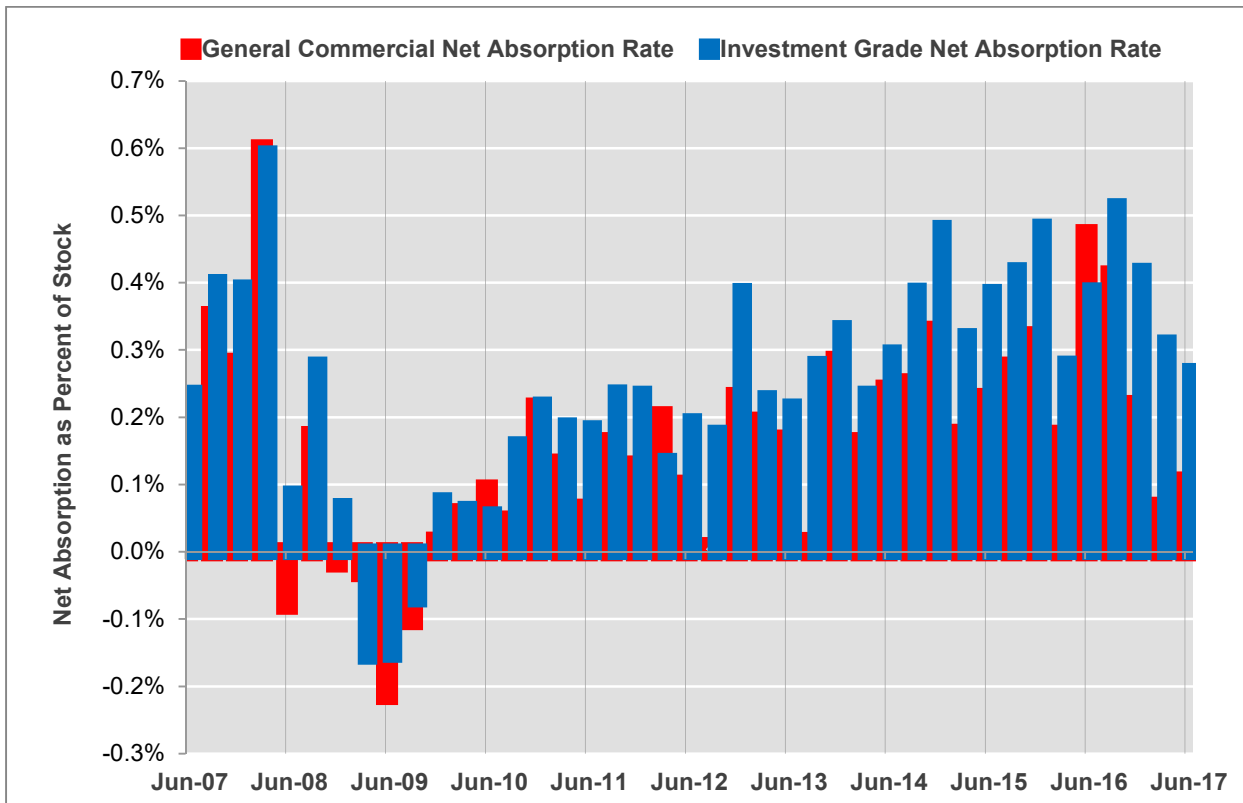
### U.S. Pair Volume, Data Through May 2017



## U.S. Distress Sale Pairs Percentage, Data Through May 2017



## Market Fundamentals, Data Through June 2017



## CCRSI National Results Highlights

- COMPOSITE PRICE INDICES CONTINUE RECENT UPWARD TREND, POST MODEST GROWTH IN MAY.** Both composite indices posted gains in May 2017, although the pattern of slower growth at the top end of the market experienced in previous months continued. The equal-weighted U.S. Composite Index, which reflects more numerous but lower-priced property sales typical of secondary and tertiary markets, increased 1.3% in May, contributing to an annual gain of 16.7% in the 12-month period concluding May 2017. Meanwhile the value-weighted U.S. Composite Index, which reflects the larger asset sales common in core markets, advanced by a scant 0.3% in May 2017, to achieve a 4.8% gain for the 12-month period ending in May 2017.
- CRE SPACE ABSORPTION MODERATED FROM RECENT PEAK LEVELS.** Demonstrating overall healthy demand for CRE space, net absorption across the three major property types—office, retail, and industrial—is projected to total 622.1 million square feet for the 12-month period ending in June 2017, in line with average absorption totals in 2014. However, net absorption for the 12-month period ending in June 2017 was on average 11.3% lower than the net absorption totals in the corresponding 12-month periods ending in June 2015 and June 2016.
- TRANSACTION VOLUME ALSO CONTINUES TO TREND BELOW RECORD-SETTING PACE OF LAST TWO YEARS.** Composite pair volume of \$43.7 billion year-to-date through May 2017 was roughly even with CRE transaction volume in the same period in 2016, but 9.2% lower than the corresponding January-through-May period in 2015. Overall, commercial real estate transaction activity has continued to benefit from a low-interest-rate environment. However, investor concerns over concentration risk and peak pricing in some markets for certain property types may be contributing to slower repeat sale trading volume.

## Monthly CCRSI Results, Data Through May 2017

	1 Month Earlier	1 Quarter Earlier	1 Year Earlier	Trough to Current
<b>Value-Weighted U.S. Composite Index</b>	0.3%	2.1%	4.8%	88.2% <sup>1</sup>
<b>Equal-Weighted U.S. Composite Index</b>	1.3%	4.6%	16.7%	72.9% <sup>2</sup>
<b>U.S. Investment-Grade Index</b>	1.4%	5.1%	8.6%	84.7% <sup>3</sup>
<b>U.S. General Commercial Index</b>	1.3%	4.4%	18.1%	71.2% <sup>4</sup>

<sup>1</sup> Trough Date: January 2010    <sup>2</sup> Trough Date: March 2011    <sup>3</sup> Trough Date: March 2010    <sup>4</sup> Trough Date: March 2011

## Market Fundamentals Data Through June 2017

	Annual Net Absorption (in millions of square feet)			
	2014Q2	2015Q2	2016Q2	2017Q2
Aggregate	480.5	671.8	731.2	622.1
Investment Grade	331.8	463.2	466.8	451.1
General Commercial	148.7	208.5	264.4	171.0

Note: "Net Absorption" is the change in occupied space, calculated based on three types of properties: office, retail, and industrial.

### About The CoStar Commercial Repeat-Sale Indices

The CoStar Commercial Repeat-Sale Indices (CCRSI) is the most comprehensive and accurate measure of commercial real estate prices in the United States. In addition to the national Composite Index (presented in both equal-weighted and value-weighted versions), national Investment-Grade Index, and national General Commercial Index, which we report monthly, we report quarterly on 30 sub-indices in the CoStar index family. The sub-indices include breakdowns by property sector (office, industrial, retail, multifamily, hospitality, and land), by region of the country (Northeast, South, Midwest, and West), by transaction size and quality (general commercial, investment-grade), and by market size (composite index of the prime market areas in the country).

The CoStar indices are constructed using a repeat sales methodology, widely considered the most accurate measure of price changes for real estate. This methodology measures the movement in the prices of commercial properties by collecting data on actual transaction prices. When a property is sold more than once, a sales pair is created. The prices from the first and second sales are then used to calculate price movement for the property. The aggregated price changes from all of the sales pairs are used to create a price index.

### Available Monthly And Quarterly CCRSI Indices

National Composite CRE Price Index	National Indices by Property Type	Regional Indices	Regional Indices by Property Type	Prime Market Indices by Property Type
All Properties	Office	Northeast	Northeast: Office, Multifamily, Industrial, Retail	Office
General Commercial	Retail	Midwest	Midwest: Office, Multifamily, Industrial, Retail	Multifamily

Investment-Grade	Industrial	South	South: Office, Multifamily, Industrial, Retail	Industrial
	Multifamily	West	West: Office, Multifamily, Industrial, Retail	Retail
	Hospitality			
	Land			

### Prime Office Markets

#### CBSA Listed Alphabetically

Boston  
 Los Angeles  
 New York  
 Orange County  
 San Francisco  
 Seattle  
 Washington, D.C.

### Prime Industrial Markets

#### CBSA Listed Alphabetically

Atlanta  
 Chicago  
 Dallas  
 Houston  
 Los Angeles  
 Northern New Jersey  
 Riverside  
 Seattle

### Prime Retail Markets

#### CBSA Listed Alphabetically

Boston  
 Los Angeles  
 New York  
 Orange County  
 San Diego  
 San Francisco  
 San Jose  
 Washington, D.C.

### Prime Multifamily Markets

#### CBSA Listed Alphabetically

Boston  
 Chicago  
 Houston  
 Los Angeles  
 New York  
 Orange County  
 San Francisco  
 San Jose  
 Seattle  
 Washington, D.C.

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For more information about the CCRSI Indices, including the full accompanying data set and research methodology, legal notices and disclaimer, please visit <http://costargroup.com/costar-news/ccrsi>.

## **ABOUT COSTAR GROUP, INC.**

CoStar Group, Inc. (NASDAQ:CSGP) is the leading provider of commercial real estate information, analytics and online marketplaces. Founded in 1987, CoStar conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of commercial real estate information. Our suite of online services enables clients to analyze, interpret and gain unmatched insight on commercial property values, market conditions and current availabilities. LoopNet is the most heavily trafficked commercial real estate marketplace online with nearly 11 million registered members. Apartments.com, ApartmentFinder.com, ApartmentHomeLiving.com, Westside Rentals and Apartamentos.com form the premier online apartment resource for renters seeking great apartment homes and provide property managers and owners a proven platform for marketing their properties. Through an exclusive partnership with Move, a subsidiary of News Corporation, Apartments.com is the exclusive provider of apartment community listings across Move's family of websites, which include realtor.com®, doorsteps.com and move.com. CoStar Group's websites attracted an average of over 33 million unique monthly visitors in aggregate in the first quarter of 2017. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe and Canada with a staff of approximately 3,200 worldwide, including the industry's largest professional research organization. For more information, visit [www.costargroup.com](http://www.costargroup.com).

This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations, beliefs, intentions or strategies regarding the future. These statements are based upon current beliefs and are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. The following factors, among others, could cause or contribute to such differences: the risk that the trends represented or implied by the indices will not continue or produce the results suggested by such trends, including trends related to price growth, absorption and transaction volume; the risk that investor demand, market supply, and absorption will not continue at the levels indicated in this release; and the risk that net absorption across the

three major property types will not be as stated in this release for the 12-month period ending in June 2017. More information about potential factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, those stated in CoStar's filings from time to time with the Securities and Exchange Commission, including in CoStar's Annual Report on Form 10-K for the year ended December 31, 2016, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as CoStar's other filings with the SEC available at the SEC's website ([www.sec.gov](http://www.sec.gov)). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update such statements, whether as a result of new information, future events or otherwise.